

CITY OF NORTONVILLE, KANSAS
and NORTONVILLE PUBLIC LIBRARY

FINANCIAL STATEMENT
WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of
City of Nortonville, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Nortonville, Kansas and its related municipal entity (the municipal financial reporting entity), as of and for the year ended December 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by City of Nortonville, Kansas and its related municipal entity on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of Nortonville, Kansas and its related municipal entity as of December 31, 2017, or changes in its financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of City of Nortonville, Kansas and its related municipal entity as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

OTHER MATTERS**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balance (basic financial statement) as a whole.

The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and schedules of regulatory basis receipts and expenditures, are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.


Summary Prior Year Information

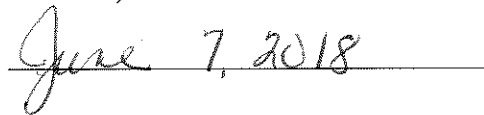
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Nortonville, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated May 8, 2017, which contained an unmodified opinion on the basic financial statement.

The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>.

The 2016 actual column (2016 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statement.

Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2016, on the basis of accounting described in Note 1.


Patsy A. Porter, CPA, PA
Atchison, KS



CITY OF NORTONVILLE, KANSAS

For the Year Ended December 31, 2017

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CITY OF NORTONVILLE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2017

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental type funds:							
General fund	\$ 44,026	-	\$ 189,988	\$ 180,617	\$ 53,397	\$ 2,972	\$ 56,369
Special purpose funds:							
Special highway	16,627	-	16,383	-	33,010	-	33,010
Library	-	-	31,082	31,082	-	-	-
Special street	-	-	3,000	-	3,000	-	3,000
Special police equipment	9,942	-	-	-	9,942	-	9,942
Special equipment	6,100	-	11,000	6,548	10,552	-	10,552
Insurance proceeds	-	-	-	-	-	5,250	5,250
Special park building	-	-	-	-	-	-	-
Business funds:							
Water	83,477	-	128,054	120,307	91,224	-	91,224
Sewer	41,526	-	85,370	90,310	36,586	-	36,586
Total primary government	201,698	-	464,877	428,864	237,711	8,222	245,933
Related municipal entity:							
Nortonville Public Library	23,253	-	63,010	59,701	26,562	-	26,562
Total municipal financial reporting entity	\$ 224,951	\$ -	\$ 527,887	\$ 488,565	\$ 264,273	\$ 8,222	\$ 272,495
Composition of cash:							
Checking accounts							\$ 125,933
Certificates of deposit							122,000
Total related municipal entity							26,562
Total cash							274,495
Total municipal financial reporting entity							\$ 272,495

See accompanying notes to the financial statement.

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

1 - Summary of significant accounting policies

(a) Municipal financial reporting entity

The City of Nortonville, Kansas (the City) is a municipal corporation governed by an elected five-member council plus a mayor. This financial statement presents The City of Nortonville, Kansas (the municipality) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Nortonville Public Library. The City of Nortonville Library Board operates the city's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

(b) Regulatory basis fund types

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Capital project fund – used to account for debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc).

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

(c) Basis of presentation and accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year.

All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

1 - Summary of significant accounting policies (continued)

(d) Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following special purpose funds – Special Police Equipment Fund, Special Park Building Fund, Special Street Fund, Special Equipment Fund, Insurance Proceeds Fund, and Nortonville Public Library.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(e) Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

2 - Deposits and investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2017.

At December 31, 2017 the City's carrying amount of deposits, including certificates of deposit and time deposits, was \$247,936 and the bank balance was \$246,080. At December 31, 2017 the carrying amount of the Library's deposits, was \$26,562 and the bank balance was \$27,068. The bank balance was held at one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, while \$1,599 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name and an additional \$21,549 was covered by other certificates.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

3 - Ad valorem tax revenues

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties.

The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied on November 1 and become delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The tax rate assessed for the year ended December 31, 2017 to finance the general fund was \$27.380 per \$1,000 valuation and other fund operations was \$9.465 per \$1,000 valuation.

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

4 - Long-term debt

Changes in long-term liabilities for the City for the year ended December 31, 2017, were as follows:

<u>Issue</u>	<u>Balance Beg of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
KDHE	\$309,606	\$ -	\$34,889	\$(34,889)	\$274,717	\$8,035
Interest Rate	2.92%					
Date of Issue	3/1/2005					
Amount of Issue	\$671,184					
Date of maturity	3/31/2025					
USDA	580,415	-	9,145	(9,145)	571,270	18,863
Interest Rate	3.25%					
Date of Issue	2/4/2011					
Amount of Issue	\$622,000					
Date of maturity	2/10/2051					
Ford Motor Credit Co	-	29,793	6,548	23,245	23,245	-
Interest Rate	4.95%					
Date of Issue	3/13/2017					
Amount of Issue	\$29,793					
Date of maturity	3/13/2021					
Total long-term debt	\$890,021	\$29,793	\$50,582	\$(20,789)	\$869,232	\$26,898

Current maturities of long-term debt and interest for the next five years and in five year increments through the date of maturity are as follows:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2027</u>	<u>2028-2032</u>
Principal							
KDHE	\$35,916	\$36,972	\$38,060	\$39,180	\$40,332	\$84,257	\$ -
USDA	9,442	9,749	10,066	10,393	10,731	59,120	69,371
Capital lease	5,397	5,664	5,945	6,239	-	-	-
Total principal	50,755	52,385	54,071	55,812	51,063	143,377	69,371
Interest							
KDHE	7,096	6,131	5,134	4,113	3,059	2,833	-
USDA	18,566	18,259	17,943	17,615	17,278	80,925	70,672
Capital lease	1,151	883	603	309	-	-	-
Total interest	26,813	25,273	23,680	22,037	20,337	83,758	70,672
Total principal & interest	\$77,568	\$77,658	\$77,751	\$77,849	\$71,400	\$227,135	\$140,043

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

4 - Long-term debt (continued)

	<u>2033-2037</u>	<u>2038-2042</u>	<u>2043-2047</u>	<u>2048-2052</u>	<u>Total</u>
Principal					
KDHE	\$ -	\$ -	\$ -	\$ -	\$274,717
USDA	81,401	95,516	112,080	103,401	571,270
Capital lease	-	-	-	-	23,245
Total principal	<u>81,401</u>	<u>95,516</u>	<u>112,080</u>	<u>103,401</u>	<u>869,232</u>
Interest					
KDHE	-	-	-	-	28,366
USDA	58,643	44,527	27,963	8,530	380,921
Capital lease	-	-	-	-	2,946
Total interest	<u>58,643</u>	<u>44,527</u>	<u>27,963</u>	<u>8,530</u>	<u>412,233</u>
Total principal & interest	<u>\$140,044</u>	<u>\$140,043</u>	<u>\$140,043</u>	<u>\$111,931</u>	<u>\$1,281,465</u>

5 - Interfund transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority K.S.A.</u>	<u>Amount</u>
General	Special Equipment	12-1,117	\$ 5,000
General	Special Street	12-1,119	\$ 3,000
Water	Special Equipment	12-1,117	\$ 4,000
Sewer	Special Equipment	12-1,117	\$ 2,000

6 - Other long-term obligations from operations

Other post-employment benefits. As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the municipality makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Compensated absences. As described in Note 1, these financial statements are prepared in compliance with the KMAAG regulatory basis of accounting, and therefore there is no presentation for vested or accumulated compensated absences.

The municipality's compensated absence policy permits full-time employees to earn one week of vacation per year after one year of service, two weeks after five years of service, three weeks after ten years of service, and four weeks after twenty years of service. At December 31, 2017, vacation pay

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

6 - Other long-term obligations from operations (continued)

Compensated absences (continued)

earned but not yet used was \$0. Full-time employees earn four hours of sick time per month with an accumulation cap of two-hundred forty hours. If the full-time employee is sick more than thirty consecutive days, the City will pay 40% of the salary for thirteen weeks. At December 31, 2017, sick pay earned but not yet used was \$1,210.

7 - Defined benefit pension plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions K.S.A. 74-419 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law establishes the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of an annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 to September 30, 2017 for Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. The City's employer contributions to KPERS, for the years ended December 31, 2017, 2016, and 2015 were \$8,359, \$11,012 and \$10,799, respectively.

Net pension liability. At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$85,633. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which is rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup with KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described in the first paragraph.

CITY OF NORTONVILLE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

8 - Risk management

The City continues to carry commercial insurance for risk of loss through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9 - Water consumer deposits

Water consumers are required to make cash deposits to the City when starting new water service. The deposits are refunded to the consumers when service is terminated or if consumer's account is in good standing for 12 months. Currently, the City has \$6,938 of consumer deposits, which are included in the Water Fund cash in the financial statement.

10 - License agreement

The City purchased accounting software to maintain the general ledger, utility billing, payroll and municipal court functions. The agreement with Sequoyah Software and Consulting, Inc. calls for twenty-four monthly installments of \$352, which is now satisfied. A \$100 charge per month for unlimited customer software support and updates are the only amounts paid.

11 - Subsequent events

Management has evaluated subsequent events through June 7, 2018, the date the financial statements were available to be issued.

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTONVILLE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2017

FUNDS	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - (Over) Under</u>
Government type funds:					
General fund	\$ 220,930	\$ 10,000	\$ 230,930	\$ 180,617	\$ 50,313
Special purpose funds:					
Special highway	32,395	-	32,395	-	32,395
Library	31,301	-	31,301	31,082	219
Business funds:					
Water	192,626	-	192,626	120,307	72,319
Sewer	137,557	-	137,557	90,310	47,247

CITY OF NORTONVILLE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 61,926	\$ 63,126	\$ 65,986	\$ (2,860)
Delinquent tax	476	1,144	-	1,144
Motor vehicle tax	12,142	12,635	11,725	910
Recreational vehicle tax	156	159	107	52
16/20M vehicle tax	70	156	72	84
Current watercraft tax	45	39	-	39
Commercial truck fees	43	97	108	(11)
Local sales tax	27,814	29,324	25,000	4,324
Franchise tax	29,217	31,439	31,000	439
Licenses	290	310	100	210
Miscellaneous	3,562	5,299	10,000	(4,701)
Reimbursements - other	7,809	8,570	-	8,570
Fines	3,014	1,529	3,000	(1,471)
Trash service	34,876	35,153	38,000	(2,847)
Interest on idle funds	521	1,008	-	1,008
Total cash receipts	181,961	189,988	\$ 185,098	\$ 4,890
Expenditures:				
Salaries & wages	51,777	41,583	53,000	11,417
Employee benefits	18,220	10,811	16,600	5,789
Contractual services	7,978	8,690	15,000	6,310
Gas & oil	1,119	1,395	1,800	405
Insurance	5,173	5,172	6,000	828
Legal services	6,000	6,000	6,000	-
Miscellaneous	1,345	1,391	2,400	1,009
New equipment	480	480	500	20
Office supplies	2,591	1,220	1,000	(220)
Park department	3,487	3,690	8,000	4,310
Police and animal control	24,438	24,379	33,000	8,621
Postage, printing & professional services	2,696	3,037	3,500	463
Public safety	282	283	300	17
Recreation	895	915	900	(15)
Repairs & maintenance	413	273	300	27
Shop materials	957	1,457	1,000	(457)
Streets and street lights	15,534	17,541	22,630	5,089
Trash service	34,793	35,206	38,000	2,794
Utilities	9,240	9,094	11,000	1,906
Transfer to Special Street Fund	-	3,000	-	(3,000)
Transfer to Special Equipment Fund	1,000	5,000	-	(5,000)
Transfer to Special Police Equipment Fund	500	-	-	-
Legal general fund budget	188,918	180,617	220,930	40,313
Adjustment for qualifying budget credits	-	-	10,000	10,000
Total expenditures	188,918	180,617	\$ 230,930	\$ 50,313
Cash receipts over (under) expenditures	(6,957)	9,371		
Unencumbered cash, beginning	50,983	44,026		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 44,026	\$ 53,397		

CITY OF NORTONVILLE, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
State of Kansas gas tax	\$ 16,332	\$ 16,383	\$ 15,960	\$ 423
Expenditures:				
Street repair and maintenance	-	-	\$ 32,395	\$ 32,395
Cash receipts over (under) expenditures	16,332	16,383		
Unencumbered cash, beginning	295	16,627		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 16,627	\$ 33,010		

CITY OF NORTONVILLE, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 25,247	\$ 25,260	\$ 26,306	\$ (1,046)
Delinquent tax	180	466	-	466
Motor vehicle tax	5,034	5,170	4,780	390
Recreational vehicle tax	65	65	44	21
16/20M vehicle tax	27	65	30	35
Current watercraft tax	19	16	-	16
Commercial truck fees	19	40	-	40
Miscellaneous	-	-	-	-
Total cash receipts	30,591	31,082	\$ 31,160	\$ (78)
Expenditures:				
Transfer to Nortonville Public Library	30,827	31,082	\$ 31,301	\$ 219
Miscellaneous	-	-	-	-
Total expenditures	30,827	31,082	\$ 31,301	\$ 219
Cash receipts over (under) expenditures	(236)	-		
Unencumbered cash, beginning	236	-		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ -	\$ -		

CITY OF NORTONVILLE, KANSAS

WATER FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash receipts:				
Sales	\$ 104,295	\$ 106,480	\$ 110,000	\$ (3,520)
Connections	400	50	600	(550)
Deposits	2,550	1,073	-	1,073
Late charges	7,839	8,770	9,000	(230)
Sales tax	1,149	1,096	1,000	96
Coin meter	430	206	600	(394)
Interest on deposits	-	-	-	-
Miscellaneous	323	10,379	-	10,379
Total cash receipts	116,986	128,054	\$ 121,200	\$ 6,854
Expenditures:				
Salaries & wages	49,153	39,375	\$ 53,000	\$ 13,625
Employee benefits	18,030	10,645	16,600	5,955
Capital outlay			8,400	
Contractual services	505	5,233	46,818	41,585
Deposit refunds	1,553	828	-	(828)
Education	288	76	500	424
Gas & oil	1,119	1,341	2,000	659
Insurance	5,123	5,172	5,500	328
Licenses & memberships	375	492	300	(192)
Miscellaneous	75	28	-	(28)
New equipment	480	480	2,000	1,520
Office supplies	575	397	500	103
Postage, printing & professional services	2,719	3,129	4,000	871
Repairs & maintenance	1,168	849	2,500	1,651
Sales tax	1,128	1,111	1,200	89
Shop materials	12,058	8,653	12,000	3,347
USDA principal	8,857	9,145	9,145	-
USDA interest	19,151	18,863	18,863	-
Utilities	6,258	8,062	7,000	(1,062)
Water protection & testing	1,699	2,428	2,300	(128)
Transfer to Special Equipment Fund	1,000	4,000	-	(4,000)
Total expenditures	131,314	120,307	\$ 192,626	\$ 63,919
Cash receipts over (under) expenditures	(14,328)	7,747		
Unencumbered cash, beginning	97,805	83,477		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 83,477	\$ 91,224		

CITY OF NORTONVILLE, KANSAS

SEWER FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Cash receipts:				
Sales	\$ 87,930	\$ 85,370	\$ 94,000	\$ (8,630)
Miscellaneous	111	-	-	-
Total cash receipts	88,041	85,370	\$ 94,000	\$ (8,630)
Expenditures:				
Salaries & wages	24,009	19,195	\$ 28,000	\$ 8,805
Employee benefits	8,972	5,280	8,300	3,020
Contractual services	2,980	3,660	27,680	24,020
Education	276	113	500	387
Gas & oil	1,119	672	1,200	528
Insurance	2,562	2,586	3,000	414
KDHE interest	8,947	8,035	8,035	-
KDHE principal	33,893	34,890	34,890	-
KDHE service fee	838	752	752	-
Licenses & memberships	561	503	500	(3)
Miscellaneous	-	-	-	-
New equipment	240	240	1,000	760
Office supplies	448	236	500	264
Postage, printing & professional fees	3,385	2,254	5,000	2,746
Repairs & maintenance	262	-	10,000	10,000
Sewer testing	965	1,060	1,000	(60)
Shop supplies	6,301	7,783	6,000	(1,783)
Utilities	1,292	1,051	1,200	149
Transfer to special equipment fund	-	2,000		(2,000)
Total expenditures	97,050	90,310	\$ 137,557	\$ 47,247
Cash receipts over (under) expenditures	(9,009)	(4,940)		
Unencumbered cash, beginning	50,535	41,526		
Prior year cancelled encumbrances	-	-		
Unencumbered cash, ending	\$ 41,526	\$ 36,586		

CITY OF NORTONVILLE, KANSAS

SPECIAL STREET FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	<u>2016</u>	<u>2017</u>
Cash receipts:		
Transfer from General Fund	<u>\$ -</u>	<u>\$ 3,000</u>
Expenditures:		
Materials	<u>-</u>	<u>-</u>
Cash receipts over (under) expenditures	-	3,000
Unencumbered cash, beginning	-	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>	<u><u>\$ 3,000</u></u>

CITY OF NORTONVILLE, KANSAS

SPECIAL POLICE EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	<u>2016</u>	<u>2017</u>
Cash receipts:		
Transfer from General Fund	<u>\$ 500</u>	<u>\$ -</u>
Expenditures:		
Materials	<u>-</u>	<u>-</u>
Cash receipts over (under) expenditures	500	-
Unencumbered cash, beginning	9,442	9,942
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u>\$ 9,942</u>	<u>\$ 9,942</u>

CITY OF NORTONVILLE, KANSAS

SPECIAL EQUIPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	<u>2016</u>	<u>2017</u>
Cash receipts:		
Transfer from General Fund	\$ 2,000	\$ 9,000
Transfer from Sewer Fund	<u>-</u>	<u>2,000</u>
Total cash receipts	2,000	11,000
Expenditures:		
Materials	<u>-</u>	<u>6,548</u>
Cash receipts over (under) expenditures	-	4,452
Unencumbered cash, beginning	6,100	6,100
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u>\$ 6,100</u>	<u>\$ 10,552</u>

CITY OF NORTONVILLE, KANSAS

INSURANCE PROCEEDS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	<u>2016</u>	<u>2017</u>
Cash receipts:		
Insurance proceeds	<u>\$ -</u>	<u>\$ -</u>
Expenditures:		
Miscellaneous	<u>-</u>	<u>-</u>
Cash receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF NORTONVILLE, KANSAS

SPECIAL PARK BUILDING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	<u>2016</u>	<u>2017</u>
Cash receipts:		
Insurance proceeds	<u>\$ -</u>	<u>\$ -</u>
Expenditures:		
Miscellaneous	<u>720</u>	<u>-</u>
Cash receipts over (under) expenditures	(720)	-
Unencumbered cash, beginning	720	-
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF NORTONVILLE, KANSAS

NORTONVILLE PUBLIC LIBRARY

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
Cash receipts:		
Transfer from Library Fund	\$ 30,827	\$ 31,082
Norton Township	11,573	11,716
Northeast Kansas Library System	15,687	15,922
State of Kansas	285	496
Gifts and donations	2,431	3,775
Interest on idle funds	21	19
Total cash receipts	60,824	63,010
Expenditures:		
Wages	36,164	37,219
Benefits	5,216	5,047
Continuing education	84	36
Mileage	800	800
Books	5,452	4,904
Videos	3,523	2,905
Periodicals	578	330
Technology	775	2,120
Supplies	2,215	1,619
Postage	558	457
Insurance	568	581
Internet access	378	483
Children's programming	1,214	1,429
Automation charges	675	675
Miscellaneous	1,356	1,096
Total expenditures	59,556	59,701
Cash receipts over (under) expenditures	1,268	3,309
Unencumbered cash, beginning	21,985	23,253
Prior year cancelled encumbrances	-	-
Unencumbered cash, ending	\$ 23,253	\$ 26,562

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Certified Public Accountant

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To the Mayor and City Council of
The City of Nortonville, Kansas

In planning and performing our audit of the basic regulatory financial statement of The City of Nortonville, Kansas and its related municipal entity (the City) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*, we considered the City's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.


Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance. We consider the following deficiency in internal control to be a significant deficiency.

CANCEL ORIGINAL INVOICES WHEN PAID

Both the City and the library have a very good process of documenting the review and approval of disbursements. We noted that original invoices are not canceled when they have been paid. This could present the opportunity for the invoice to be paid more than one time. We recommend that the original invoices be stamped "Paid."

This communication is intended solely for the information and use of the Mayor, City Council, and others within the government, and is not intended to be and should not be used by anyone other than these specified parties.


Patsy A. Porter, CPA PA
Atchison, Kansas

